

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 92-638-W/S - ORDER NO. 93-766
AUGUST 27, 1993

IN RE: Application of Tega Cay Water Service,) ORDER ON
Inc. for Approval of New Schedules of) PETITIONS FOR
Rates and Charges for Sewer Service and) REHEARING OR
Implementation of a Water Distribution) RECONSIDERTION
Charge for its Customers in South)
Carolina.)

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petitions for Rehearing submitted in letter form by Jeff Levitsky, Vice-President of Tega Cay Management Company, and by Dr. Leon R. Levitsky and on the Petition for Rehearing or Reconsideration submitted by Tega Cay Water Service, Inc. (TCWS or the Company). The Petitions seek Rehearing or Reconsideration of our Order No. 93-602, issued July 23, 1993. Order No. 93-602 granted TCWS a portion of its requested increase in its rates and charges for sewer service and approved the implementation of a Water Distribution Charge. Upon thorough consideration of each of the Petitions, the Commission dismisses the Petition of Jeff Levitsky, denies in part and dismisses in part the Petition of Dr. Leon Levitsky, and grants in part and denies in part TCWS's Petition for Rehearing and Reconsideration.

Petitions by the Levitskys

Petitions for Rehearing were submitted by both Jeff Levitsky and Dr. Leon Levitsky. On April 16, 1993, this Commission received a letter from Leon R. Levitsky, M.D., President of Tega Cay Management Co. In this letter Dr. Levitsky indicated that he wished to appear and present testimony in the hearing on this case. The Commission considered Dr. Levitsky's request and issued Order No. 93-398, admitting Dr. Levitsky, President of Tega Cay Management Co., as a party. However due to a family emergency Dr. Levitsky could not attend the hearing on June 23, 1993, and Jeff Levitsky, Vice-President of Tega Cay Management Co. testified in the place of Dr. Levitsky.

While the Petitions for Rehearing from Dr. Levitsky and Jeff Levitsky are virtually identical, the Commission must dismiss the Petition of Jeff Levitsky for lack of standing. R.103-804(I) defines "party" as "any person named or admitted by the Commission as a party to a formal or informal proceeding before the Commission, or properly seeking and entitled as of right to be admitted as a party to a formal or informal proceeding before the Commission." R.103-804(J) defines "party of record" as:

[a] party in a formal proceeding before the Commission who is entitled to receive all documentary materials, pleadings, orders or other dispositions of matters relevant to the proceeding. Parties of record will include applicants, complainants, defendants, respondents, and intervenors. Parties of record may file a petition for rehearing of Commission orders, pursuant to R.103-880 et seq....

Jeff Levitsky was neither a party nor a party of record in this

docket and appeared only as a witness at the hearing on this matter. Since Jeff Levitsky was never a party or party of record in this proceeding, he lacks standing to petition this Commission for rehearing. Consequently, the Petition for Rehearing submitted by Jeff Levitsky is hereby dismissed.

The Commission has also examined the Petition of Dr. Levitsky. Dr. Levitsky first alleges that the Commission erred in approving \$1.18 per 1,000 gallons commodity component in the Water Distribution Charge. Dr. Levitsky alleges that TCWS cannot justify the amount of the charge. TCWS originally requested a commodity component of \$1.26 per 1,000 gallon, and TCWS provided the calculations it used to arrive at the \$1.26 figure, as well as a chart showing the comparison of using well water versus using purchased water. (See Hearing Exhibit 4, Demaree Prefiled Exhibits 1 and 2). After negotiations with the Consumer Advocate regarding the Consumer Advocate's concerns regarding this proceeding, TCWS and the Consumer Advocate entered into a Stipulation whereby TCWS amended its filing to request a Water Distribution Charge with a commodity component of \$1.18 per 1,000 gallons.

Company witness Demaree testified at the hearing that the customers of TCWS will realize a savings if the Company is allowed to use the York County bulk water supply as the customers will no longer need to use water filters and water softeners or purchase bottled drinking water, thereby avoiding hidden costs associated with the present water supply. Edgar S. Weaver, Mayor of Tega Cay, also testified in favor of the bulk water supply saying that the

York County bulk water supply would provide better quality water than the well water which TCWS currently provides. Mayor Weaver further testified as to overwhelming support from the residents of Tega Cay requesting a York County water supply.

The Supreme Court of South Carolina has held that the Public Service Commission sits as a trier of fact akin to a jury of experts. Hamm v. South Carolina Public Service Commission, ____ S.C. ____, 422 S.E. 2d 110 (1992). The credibility of testimony is a matter for the finder of fact to judge. South Carolina Department of Social Services v. Forrester, 282 S.C. 512, 320 S.E. 2d 39 (S.C. App., 1984). In fulfilling its obligation to balance the interests of a public utility and the often competing interests of the intervenors in a complex rate proceeding, the Commission is empowered to utilize its discretion and expertise in setting "just and reasonable rates." Parker v. South Carolina Public Service Commission, 281 S.C. 22, 314 S.E. 2d 148 (1984).

The Commission has examined the testimony and exhibits submitted by TCWS as justification for the commodity component of the Water Distribution Charge and believes the \$1.18, which was proposed by TCWS and the Consumer Advocate, to be fair and reasonable. The Commission finds that in balancing the interests of the consumer - i.e. to receive better quality water at a reasonable price - with the competing interests of the company - i.e. to make a fair profit while providing adequate service - that the \$1.18 commodity component of the Water Distribution Charge was fair and reasonable in light of the evidence which could have

supported a higher amount. Therefore, the Commission denies Dr. Levitsky's Motion for Rehearing on this ground.

Second, Dr. Levitsky questions the tap fees which may be collected should the Company convert to a bulk water supply. The contract for bulk water entered into by the Company and York County has not been approved by this Commission. The Commission has set forth in Order 93-602 certain conditions which must be met before the Company submits any bulk water contract for approval. Order 93-602 also directs the Company to submit justification and information on tap fees to allow the Commission to review the Company's tap fees. Since the issue of tap fees has not been finalized by the Commission, this ground for reconsideration must be dismissed as premature.

Third, Dr. Levitsky questions the accounting adjustment made to plant in service regarding Wastewater Treatment Plant #4 (WWTP #4). The Commission Staff and the Company proposed an adjustment to reduce plant in service for the removal of one-half ($\frac{1}{2}$) of WWTP #4, and the Commission accepted the proposal. Company Witness Demaree testified that in 1992, Wastewater Treatment Plant #3 exceeded permitted flow for four (4) months out of twelve (12). Demaree further testified that since WWTP #3 was experiencing flow over its permitted capacity and WWTP #4 was ready to place in service, WWTP #4 was activated and placed into service. To lessen the impact on the customer rates of WWTP #4 being placed in service, the Company proposed, and the Commission Staff agreed, to phase in the costs associated with WWTP #4 by including only

one-half ($\frac{1}{2}$) of the costs be in this proceeding. The Commission agrees that such treatment of the costs associated with WWTP #4 is fair and reasonable, as such treatment lessens the impact of the costs of WWTP #4 on customer rates and believes that it properly deducted one-half ($\frac{1}{2}$) of the costs of WWTP #4 from gross plant in service.

Finally, Dr. Levitsky states that he has not received a response for "adjusting the FTE for the swimming pool and clubhouse." (Petition, Dr. Levitsky, p. 1.). The Commission interprets Dr. Levitsky's allegation to mean the single family equivalent (SFE) used as a multiplier to determine the usage charge for commercial establishments. The rates approved by the Commission in the last rate proceeding, as well as this rate proceeding, approved the use of SFEs as a multiplier for determining usage charge. The Commission's regulations require that "[p]lant capacity shall be computed by using the Guide Lines for Unit Contributory Loadings to Wastewater Treatment Facilities to determine the single family equivalency rating." S.C. Code R.103-502.11 (Supp. 1992). Furthermore, this Commission has consistently held that SFEs are to be computed using the DHEC Guidelines. If a change in circumstances has developed which requires an adjustment to the SFEs used in determining the rate charged to any particular customer, it is incumbent upon the customer to contact the Company and request an adjustment. If an adjustment is not made, the customer may then pursue other recourse, but a general rate proceeding is not the proper forum to

discuss or rule on the appropriateness of the SFE assigned to a particular customer. Therefore, the Commission dismisses Dr. Levitsky's SFE issue for failure to state an appropriate ground for reconsideration.

Petition by Tega Cay Water Service, Inc.

TCWS sets forth four (4) arguments in support of its Petition for Rehearing or Reconsideration of Order 93-602. First, TCWS alleges that the Commission failed to include a sufficient statement of underlying facts to support an operating margin of 8.78%. Second, TCWS complains that the Commission erroneously accepted only a portion of the Stipulation entered into between TCWS and the Consumer Advocate. Third, TCWS states that the decision-making process utilized by the Commission and which resulted in Order 93-602 was contrary to proper ratemaking procedure. Lastly, TCWS alleges that Order No. 93-602 results in rates which are confiscatory, constituting a taking of TCWS's property without just compensation and without due process of law.

In considering a Petition for Rehearing or Reconsideration, the Commission must naturally consider each part of a petition as well as the petition as a whole and then carefully re-examine the original order and evidence from the hearing in light of the petition. In rate proceedings, the Commission is ever mindful of its duties and responsibilities to both the Company and the consumer. While this Commission cannot and does not insure through regulation that a utility will produce net revenues under the guidelines established in Bluefield Water Works Improvement Co. v.

Public Service Commission of West Virginia, 262 U.S. 679 (1923) and Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591 (1944), this Commission does strive to establish rates which produce revenues which are "sufficient to assure confidence in the financial soundness of the utility, and ... that are adequate under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. Bluefield, supra, at 692-693. Furthermore, the Commission fully recognizes "that the determination of a fair operating margin is peculiarly within the province of the Commission." Patton v. S.C. Public Service Commission, 280 S.C. 288, 312 S.E. 2d 257 (1984).

Upon careful and thorough consideration of the evidence presented at the hearing and TCWS's allegations of error, the Commission grants TCWS's request for Reconsideration in part, and denies TCWS's request for Rehearing for reasons which are explained below.

TCWS first alleges that the Commission failed to include a sufficient statement of underlying facts to support an operating margin of 8.78%. The Commission disagrees that Order 93-602 does not contain a sufficient basis to support such an operating margin. An examination of Order 93-602 reveals both findings of fact and conclusions of law which are delineated as such in the order. Furthermore, in fulfilling its obligation to balance the interests of a public utility and the often competing interests of the intervenors in a complex rate proceeding, the Public Service

Commission is empowered to utilize its discretion and expertise in setting "just and reasonable rates." Parker v. South Carolina Public Service Commission, 281 S.C. 22, 314 S.E.2d 148 (1984).

TCWS next asserts that the Commission erroneously accepted only a portion of the Stipulation entered into between TCWS and the Consumer Advocate. The Stipulation provided that TCWS agreed to reduce the proposed Commodity Component of the proposed Water Distribution Charge in exchange for the Consumer Advocate's agreement not to oppose the application. The Stipulation was then offered as a Hearing Exhibit at the hearing. (Hearing Exhibit #1). As stated above, the Commission must use its discretion and expertise in setting just and reasonable rates. Parker, supra. Also the Commission sits as the trier of fact akin to a jury of experts. Hamm v. S.C. Public Service Comm., supra. Like a jury, the Commission must determine the credibility of the testimony and evidence and also the weight to be given to such testimony and evidence. Since the Stipulation is just another piece of evidence in the hearing, the Commission, just like any jury in a South Carolina court, may accept all of the evidence, none of the evidence, or a portion of the evidence. Furthermore, a statement whereby the Consumer Advocate indicates he will not oppose the Application does not imply an affirmative endorsement on behalf of the Consumer Advocate nor does it bind the Commission into accepting the Stipulation.

Third, TCWS complains that the decision-making process utilized by the Commission in setting the 8.78% operating margin

was contrary to proper rate-making procedure. The Commission has authority to regulate the rates of water and sewer utilities. S.C. Code Ann. §58-5-210 (1976). Within that authority, the Commission has the discretion to determine the appropriate method of regulation, and the South Carolina Supreme Court has recognized the use of operating margin as an acceptable guide for ratemaking purposes. Patton, supra. The Commission believes that it complied with the above stated authorities and with the general principles of ratemaking in setting an operating margin in this case. Therefore, the Commission concludes that it followed proper rate-making procedure in setting the operating margin which led to Order 93-602.

Finally, TCWS alleges that the rates established in Order 93-602 are confiscatory and constitute a taking of TCWS's property without just compensation and due process of law. The reasonableness of the rates should be determined by an evaluation of the utility's holdings and obligations and the return which the utility realizes from the rates. Southern Bell v. Public Service Commission, 270 S.C. 590, 244 S.E. 2d 278 (1978). TCWS alleges that a 7.02% return on equity for a water and sewer utility is insufficient to afford it the opportunity to earn a reasonable return on investment. In support of its claim, TCWS attached to its petition "Exhibit B" which shows estimates of the rate of return for certain utility companies. However, this list of utility companies contains no water and sewer companies with their corresponding rates of return. The Commission believes that with a

combination of its discretion, the principles of rate-making, and the record, the Commission could justify such a rate of return for a water and sewer utility, and that such a return is not confiscatory.

However, while the Commission is of the opinion that the results of Order 93-602 are supported by the record in this case and the fundamental principles of ratemaking, the Commission, in reviewing TCWS's request for Reconsideration and the evidence has determined that TCWS's request for Reconsideration should be granted as delineated below. As noted in Order 93-602, the Commission must balance the interests of the Company - i.e., the opportunity to make a profit or earn a return on its investment, while producing adequate sewerage service - with the competing interests of the ratepayers - i.e., to receive adequate service at a fair and reasonable rate. Upon Reconsideration, the Commission determines that the schedule of rates and charges as proposed by the Company and as reflected in Table C of Order 93-602 is just and reasonable for both the Company and the ratepayer.

On Reconsideration, the Commission once again considered the Company's revenue requirements, the Company's proposed price for sewer service, and the quality of the sewer service. See, Seabrook Island Property Owners Assn. v. South Carolina Public Service Commission, 303 S.C. 493, 401 S.E. 2d 672 (1991). Additionally, the Commission re-examined the testimony, including that of Staff witness Bruce Hulion who testified on cross examination that the sewer operation after adjustments resulted in a negative operating

margin of (3.53%). Mr. Hulion further testified that the effect of the proposed increase would result in a 9.60% operating margin for sewer operations, and a 12.08% operating margin for TCWS's combined operations. The Commission also reviewed the testimony of Staff witness Robert W. Burgess. Mr. Burgess testified that the Company's proposed rates would result in no increase in water revenue and an increase of \$80,113 or 24.50% in sewer revenue. Mr. Burgess testified that the overall effect of the proposed increase would result in an increase of 11.63% of total revenue. Additionally, Mr. Burgess testified that the average residential customer's water bill would remain unchanged, and that the average residential customer's sewer bill would increase from \$20.00 to \$25.00, or an increase of 25%.

The Commission also acknowledges and employs the fundamental criteria of a sound rate structure as proposed in Principles of Public Utility Rates which are as follows:

...(a) the revenue-requirement or financial need objective, which takes the form of a fair-return standard with respect to private utility companies; (b) the fair-cost apportionment objective which invokes the principle that the burden of meeting total revenue requirements must be distributed fairly among the beneficiaries of the service; and (c) the optimum-use or consumer rationing under which the rates are designed to discourage the wasteful use of public utility services while promoting all use that is economically justified in view of the relationships between costs incurred and benefits received.

Bonbright, Principles of Public Utility Rates (1961),
p. 292.

The Commission is authorized to regulate and supervise the

service of every utility in this state, and in discharging this authority, the Commission must be allowed discretion to insure that adequate and proper service will be rendered to the customers by the utility. Patton v. South Carolina Public Service Commission, 280 S.C. 288, 312 S.E. 2d 257 (1984). By applying the principles of a sound rate structure, as well as trying to balance the "competing interests of the company and the customer," the Commission determines on Reconsideration that an operating margin of 12.08% is just and reasonable. In order to have the opportunity to earn a 12.08% operating margin after interest, the Company will need to produce \$766,324 in total operating revenues. The following Table reflects an operating margin after interest of 12.08%:

TABLE A
OPERATING MARGIN

AFTER RATE INCREASE
(APPROVED HEREIN)

Operating Revenues	\$766,324
Operating Expenses	562,600
Net Operating Income	<u>203,724</u>
Customer Growth	3,704
Total Income for Return	<u>\$207,428</u>
Operating Margin (After Interest)	<u>12.08%</u>

The Commission is aware of the impact on the customers by granting TCWS's motion for Reconsideration in part, but the Commission believes that TCWS has provided sufficient and reasonable justification for the increase in charges. Based on the

considerations enunciated in Bluefield, Hope, and Seabrook Island, and on the fundamental criteria of a sound rate structure as stated in Principles of Public Utility Rates, the Commission determines on reconsideration that TCWS should be granted its requested rate increase. The Commission finds that an operating margin of 12.08% is just and reasonable and is appropriate under the circumstances revealed at the hearing.

Since the Commission granted TCWS's request for Reconsideration, TCWS's request for Rehearing is denied, and TCWS's request for oral arguments is also denied.

IT IS THEREFORE ORDERED THAT:

1. The Petition for Rehearing of Jeff Levitsky be dismissed.
2. The Petition for Rehearing of Dr. Leon R. Levitsky be denied in part and dismissed in part.
3. The request of TCWS for Reconsideration is granted in part, and the schedule of rates and charges attached hereto as Appendix A are hereby approved for service rendered on or after the date of this Order. This schedule is deemed to be filed with the Commission pursuant to S.C. Code Ann. §58-5-240 (1976), as amended.
4. Should the approved schedule not be placed in effect until three (3) months from the effective date of this Order, the schedule shall not be charged without written permission from the Commission.
5. The request of TCWS for Rehearing is denied.
6. The request of TCWS for oral arguments is denied.

7. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Executive Director

(SEAL)

APPENDIX A

TEGA CAY WATER SERVICE, INC.
5701 WEST PARK DR.
SUITE 101
PO BOX 240705
CHARLOTTE, N. C. 28224-0705
PHONE NO. 704-525-7990

FILED PRUSUANT TO DOCKET NO. 92-638-W/S - ORDER NO. 93-766
EFFECTIVE DATE AUGUST 27, 1993

SCHEDULE OF RATES AND CHARGES

I. WATER

1. MONTHLY CHARGES

- a. Basic Facility Charge \$6.00 per single - family
equivalent unit

PLUS

- b. Commodity Charge: \$2.40 per 1,000 gallons
(Usage)

- c. The basic facility charge is a minimum charge per unit and shall apply even if the equivalency rating is less than one (1). If the equivalency rating is greater than one (1), then the monthly basic facility charge may be obtained by multiplying the equivalency rating by the basic facility charge of \$6.00.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter. Consumption of all units served through such meter will be averaged; a bill will be calculated based on that average plus the addition of the basic facility charge per unit and the result multiplied by the number of units served by a single meter.

2. CHARGE FOR WATER DISTRIBUTION ONLY

Where water is purchased from a government body or agency or other entity for distribution by the Company, the following rates apply:

Residential

- a. Basic Facility Charge \$6.00 per single - family
equivalent unit

PLUS

- b. Commodity Charge: \$1.18 per 1,000 gallons
(Usage)

The Utility will also charge for the cost of water supplied by the government body or agency, or other entity. The charges imposed or charged by the government body or agency, or other entity providing water will be charged to the Utility's affected customers on a pro rata basis without markup.

- c. The basic facility charge is a minimum charge per unit and shall apply even if the equivalency rating is less than one (1). If the equivalency rating is greater than one (1), then the monthly basic facility charge may be obtained by multiplying the equivalency rating by the basic facility charge of \$6.00.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter. Consumption of all units served through such meter will be averaged; a bill will be calculated based on that average plus the addition of the basic facility charge per unit and the result multiplied by the number of units served by a single meter.

3. NON RECURRING CHARGES

- a. Tap fee (which includes a water service connection charge and capacity fee) \$600.00 per single - family equivalent unit ***

The non recurring charges listed above are minimum charges and apply even if the equivalency is less than one. If the equivalency rating is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for and/or initial connection to the water system is requested.

(***Unless prohibited by contract approved by South Carolina Public Service Commission.)

4. RECONNECTION AND ACCOUNT SET-UP CHARGES

- a. Water reconnection fee \$40.00
b. Customer account charges \$30.00
(One-time fee to be charged to each new account to defray cost of initiating service)

5. OTHER SERVICES

Fire Hydrant - One Hundred (\$100.00) per hydrant per year for water service payable in advance. Any water used should be metered and the commodity charge in Section One (1) or Two (2) above will apply to such usage.

II. SEWER

1. MONTHLY CHARGES

- a. Residential - Monthly Charge \$25.00
per single-family house,
condominium, villa, or
apartment unit
- b. Commercial - Monthly Charge \$25.00
per single-family equivalent
- c. The monthly charges listed above are minimum charges and shall apply even if the equivalency is less than one (1). If the equivalency is greater than one (1), then the monthly charges may be calculated by multiplying the equivalency rating by the monthly charge of \$25.00.

2. NON RECURRING CHARGES

- a. Tap fees (which includes sewer \$1,200.00 per single - family
service connection charges and equivalent unit ***
capacity charges)
- b. The non recurring charges listed above are minimum charges and apply even if the equivalency rating of a non residential customer is less than one (1). If the equivalency rating is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

3. NOTIFICATION, ACCOUNT SET-UP AND RECONNECTION CHARGES

- a. Notification Fee: A fee of \$15.00 shall be charged each customer to whom the Utility mails the notice as required by Commission Rule R.103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.
- b. Customer Account Charge: A fee of \$20.00 shall be charged as a one-time fee to defray the costs of initiating service. This charge will be waived if the customer is also a water customer.

- c. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of \$250.00 shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. The amount of the reconnection fee shall be in accordance with R.103-532.4 and shall be changed to conform with said rule, as the rule is amended from time to time.

III. GENERAL PROVISIONS

1. BILLING CYCLE

Recurring charges will be billed monthly or bi-monthly in arrears. Non recurring charges may be billed and collected in advance of service being provided.

2. LATE PAYMENT CHARGES

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half percent (1 1/2%) for each month (or any part of a month) that said payment remains unpaid.

3. TAX MULTIPLIER

Except as otherwise provided by contract approved by the South Carolina Public Service Commission, amounts paid or transferred to the Utility by customers, builders, developers or others, either in the form of cash or property, shall be increased by a cash payment in an amount equal to the income taxes owed on the cash or property transferred to the Utility by customers, builders, developers, or others, and properly classified as a contribution or advance in aid of construction in accordance with the uniform system of accounts. Included in this classification are tap fees.

4. TOXIC AND PRETREATMENT EFFLUENT GUIDELINES

The Utility will not accept or treat any substance or material that has been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Health and Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403.5 and 403.6 are to be processed according to the pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

5. LANDLORD/TENANT RELATIONSHIP

In the case of landlord/tenant relationship where the tenant is the customer, the Utility may require the landlord to execute an agreement wherein such landlord agrees to be responsible for all charges billed to the premises in accordance with the approved tariffs and the Rules of the Commission, and said account shall be considered the landlord's and tenant's account. In the event the landlord refuses to execute such an agreement, the Utility may not discontinue service to the premises unless and until the tenant becomes delinquent on his account or until the premises are vacated. The Utility may discontinue service pursuant to R.103.535.1 if the account is delinquent or may discontinue service at the time the premises are vacated, and the Utility shall not be required to furnish service thereafter to the premises until the landlord has executed the agreement, and paid the reconnection charges.

6. CONSTRUCTION STANDARDS

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed in constructing parts of the water or sewer systems.

7. SINGLE FAMILY EQUIVALENT

The list set forth below establishes the minimum equivalency rating for commercial customers applying for or receiving sewer service from the Utility. Where the Utility has reason to suspect that a person or entity is exceeding design loading established by the South Carolina Pollution Control Authority in a publication called "Guidelines for Unit Contributory Loading to Wastewater Treatment Facilities" (1972), as may be amended from time to time or as may be set forth in any successor publication, the Utility shall have the right to request and receive water usage records from the provider of water to such person or entity. Also, the Utility shall have the right to conduct an "on premises" inspection of the customer's premises. If it is determined that the actual flows or loadings are greater than the design flows or loadings, then the Utility shall recalculate the customer's equivalency rating based on actual flows or loadings and thereafter bill for its service in accordance with such recalculated loading.

TYPE OF ESTABLISHMENT		EQUIVALENCY RATING
1.	Airport	
	(a) Each Employee.....	.025
	(b) Each Passenger.....	.0125
2.	Apartments.....	1.0
3.	Bars	
	(a) Each Employee.....	.025
	(b) Each Seat (Excluding Restaurant).....	.1
4.	Boarding House (Per Resident).....	.125
5.	Bowling Alley	
	(a) Per Lane (No Restaurant).....	.3125
	(b) Additional for Bars and Cocktail Lounges (Per Seat or Person).....	.0075
6.	Camps	
	(a) Resort (Luxury) (Per Person).....	.25
	(b) Summer (Per Person).....	.125
	(c) Day (With Central Bathhouse) (Per Person)	.0875
	(d) Per Travel Trailer Site.....	.4375
7.	Churches (Per Seat).....	.0075
8.	Clinics	
	(a) Per Staff.....	.0375
	(b) Per Patient.....	.0125
9.	Country Club (Each Member).....	.125
10.	Factories	
	(a) Each Employee (No Showers).....	.0625
	(b) Each Employee (With Showers).....	.0875
	(c) Each Employee (With Kitchen Facilities).	.1
11.	Fairgrounds (Per Person Based on Average Attendance).....	.0125
12.	Food Service Operations	
	(a) Ordinary Restaurant (Up to 12 Hours) (Per Seat).....	.175
	(b) Over 12 Hour Restaurant (Per Seat).....	.25
	(c) Curb Service (Drive in) (Per Seat).....	.25
	(d) Vending Machine Restaurant (Per Person).	.175
13.	Hospitals	
	(a) Per Bed.....	.5
	(b) Per Resident Staff.....	.25

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14.	Hotels (Per Bedroom - No Restaurant).....	.25
15.	Institutions (Per Resident).....	.25
16.	Laundries (Self Service - Per Machine).....	1.0
17.	Mobile Homes.....	1.0
18.	Motels (Per Unit - No Restaurant).....	.25
19.	Nursing Homes	
	(a) Per Bed (No Laundry).....	.25
	(b) Per Bed (With Laundry).....	.375
20.	Offices (Per Person - No Restaurant).....	.0625
21.	Picnic Parks (Average Daily Attendance) (Per Person).....	.025
22.	Residences (Single Family).....	1.0
23.	Rest Homes	
	(a) Per Bed (No Laundry).....	.25
	(b) Per Bed (With Laundry).....	.375
24.	Schools	
	(a) Per Person (No Showers, Gym, Cafeteria).....	.025
	(b) Per Person With Cafeteria (No Gym, Shower).....	.0375
	(c) Per Person With Cafeteria, Gym & Shower.....	.05
25.	Service Stations	
	(a) Each Car Served (Per Day).....	.025
	(b) Each Car Washed (Per Day).....	.1875
	(c) First Bay.....	2.5
	(d) Each Additional Bay.....	1.25
26.	Shopping Centers (Per 1,000 sq. ft. Space- No Restaurants).....	.5
27.	Stadiums (Per Seat - No Restaurants).....	.005
28.	Swimming Pools (Per Person With Sanitary Facilities and Showers).....	.025
29.	Theatres	
	(a) Drive in (Per Stall).....	.0125
	(b) Indoor (Per Seat).....	.0125